

# MISSOURI DEPARTMENT OF ECONOMIC DEVELOPMENT

## DIVISION OF CREDIT UNIONS

### NEWSLETTER

Volume 5, Number 11 December 15, 2003,

#### MISSOURI CREDIT UNION STATISTICS

As of September 30, 2003

The following statistics represent certain core ratios for the third quarter. Credit unions are again reminded of the advantages of a well-diversified asset structure, particularly loans. Having several types of loans not only lessens the impact on the balance sheet of changes experienced by certain loan categories, it also will provide better service to all members. Diversification also has the advantage of familiarizing staff and management with different types of lending, allowing the credit union to readily shift focus when one lending area falters.

Costs of operations continue to be high for Missouri credit unions. This appears to be largely responsible for net income being 16% below the national average. Credit unions should give every consideration prior to adding additional expenditures and try to increase efficiency.

	Missouri	National
Capital/Assets	10.44%	10.46%
Return on Assets*	0.84%	1.00%
Operating Expense/Average Assets*	3.85	3.24
Operating Expense/Gross Income*	57.23%	51.98%
Loans/Assets	65.88%	62.03%
Cost of Funds/Assets*	1.69%	1.69%
Share growth*	8.48%	8.66%

\* Annualized

#### FIELD OF MEMBERSHIP UP DATE

**Springfield Telephone Employees Credit Union** (now **Telcomm Credit Union**) submitted an application to include those persons who reside or work in the 417 telephone Area Code and the 573 (bordered on the north by I-70) telephone Area Code. The Director approved the expansion of **Springfield Telephone Employees Credit Union** to those in the 417 Area Code, but not the 573 Area Code. The decision was published in the November

15, 2000 Missouri Register. On November 30, 2000 the Missouri Bankers Association (MBA) and Century Bank of the Ozarks (CBO) filed an appeal of the decision to the Credit Union Commission. The Commission heard the appeal on March 29, 2001. On May 24, 2001 the Commission upheld the decision of the Director. On August 16, 2001, the decision was released and the Director filed **Springfield Telephone Employees Credit Union's** amended bylaws with the Secretary of State. On September 14, 2001, the MBA and CBO filed a petition for administrative review in Cole County Circuit Court.

On November 19, 2001, a hearing was held before Judge Tom Brown, Division 1, Circuit Court of Cole County. The motion to refer the case to another division of the court was granted and the case was referred to Judge Byron Kinder, Division 2. A motion to dismiss the case for lack of standing was heard on January 3, 2002. On January 29, 2002 the court ruled the plaintiffs lack standing to maintain causes of action set forth in their petition and ordered the plaintiffs' petition be dismissed. On March 11, 2002 the MBA and CBO filed an appeal of the decision in the Western Appellate Court of Appeals. Appellant's briefs were due June 3, 2002 with the respondent's briefs due July 3, 2002. A hearing by the Western Appellate Court was held on October 3, 2002 in Kansas City. On January 14, 2003, the Appellate Court upheld the decision of Cole County Circuit Court. On January 14, 2003, the MBA and CBO filed motions for a rehearing and transfer to the Missouri Supreme Court. The Appellate Court on March 4, 2003 denied the motions. On April 23, 2003, the Missouri Supreme Court issued an order transferring the case to their jurisdiction. On December 9, 2003 the Court reversed the decision of the lower courts and remanded the case. The opinion can be read at <http://www.osca.state.mo.us/Courts/PubOpinions.nsf/0f87ea4ac0ad4c0186256405005d3b8e/d1c9a3590b16be4286256df6006dbc43?OpenDocument>.

**South Community Credit Union** submitted an application for those who work or reside in Zip Codes 63109, 63111, 63116, 63123, 63125, 63128, 63129, and Crawford County, Franklin County, Gasconade County and Washington County. **Central Communications Credit Union** submitted an application for those persons who reside or work in the 816 telephone Area Code. The Director approved the applications submitted by **South Community and Central Communications Credit**

**Unions.** These decisions were published in the November 15, 2000 Missouri Register. On November 30, 2000 the MBA and two local banks located in each of the two applicants' field of membership expansion areas filed appeals of the decisions to the Credit Union Commission. The Commission received the record of appeals from all parties on May 24, 2001. On August 9, 2001, the Commission upheld the decisions of the Director. The written decisions were released on January 25, 2002. On February 21, 2002, the MBA and the local banks filed a petition for administrative review in Cole County Circuit Court. Both cases were assigned to Judge Tom Brown, Division 1. On April 17 the cases were reassigned to Judge Byron L. Kinder, Division 2 and a motion was entered to stay the proceedings until the outcome of the Springfield Telephone Employees case was decided. The cases can be followed on the internet at <http://casenet.osca.state.mo.us/casenet/>; the case numbers are 02CV323402 and 02CV323401.

**Vantage Credit Union (formerly Educational Employees Credit Union)** submitted an application for those who live or work in St. Louis County, St. Charles County, Jefferson County, Cape Girardeau County and Franklin County. The application was published in the December 15, 2000 Missouri Register. The Director approved the application and his decision was published in the February 15, 2001 Missouri Register. On March 1, 2001 the MBA and two banks located in the applicant's field of membership expansion area filed an appeal of the decision to the Credit Union Commission. The Commission received the record of appeal of **Educational Employees Credit Union** on October 19, 2001 and established briefing schedules. On March 5, 2002, the Commission dismissed the appeal due to lack of standing. On July 18, 2002 the MBA and the two banks filed a Petition in Mandamus in Cole County Circuit Court. An order by Cole County District Court staying the case was entered on December 2, 2002. The case can be followed on the internet at <http://casenet.osca.state.mo.us/casenet/>; case number 02CV324797.

**City Utilities Credit Union** submitted an application for community residents and workers in Greene and Christian Counties. The application was published in the June 1, 2001 Missouri Register. The Director approved the application and his decision was published in the August 1, 2001 Missouri Register. On August 14, 2001 the MBA and a local bank located within the applicant's field of membership expansion area filed an appeal of the decision to the Credit Union Commission. On August 8, 2002 the Commission heard and denied the appeal for lack of standing. The decision was released on December 9, 2002. On January 2, 2003, MBA and the local bank filed a Petition in Mandamus in Cole County Circuit Court. The case can be followed on the internet at <http://casenet.osca.state.mo.us/casenet/>; case number

03CV323001.

**First Community Credit Union** submitted an application for individuals who reside or work in the counties of Lincoln, Warren, Franklin, Washington, St. Francois, Ste. Genevieve, Pike, Montgomery, Gasconade and Crawford in the state of Missouri and the City of St. Louis. The application was published in the August 1, 2002 Missouri Register. The Director approved the application and his decision was published in the September 16, 2002 Missouri Register. On September 26, 2002 the MBA and a local bank located within the field of membership expansion area filed an appeal of the decision to the Credit Union Commission. On November 19, 2003 the Commission heard the appeal and accepted into evidence information provided by the parties involved. Concurrent legal briefs were filed by the established date of December 5, 2003. The Commission may decide the appeal at their January 9, 2004 meeting.

**Alliance Credit Union** submitted an application for those who work or reside in St. Charles County or St. Louis County. The application was published in the November 15, 2002 Missouri Register. The Director approved the application and his decision was published in the January 16, 2003 Missouri Register. On January 30, 2003, the MBA and Allegiant Bank filed an appeal of the Director's decision with the Credit Union Commission. On November 19, 2003 the Commission heard the appeal and accepted into evidence information provided by the parties involved. Concurrent legal briefs were filed by the established date of December 5, 2003. The Commission may decide the appeal at their January 9, 2004 meeting.

**St. Louis Postal Credit Union** submitted an application for those who live or work in the Zip Codes 63005, 63017, 63042, 63043, 63044, 63126, 63127 and St. Charles County. The application was published in the December 2, 2002 Missouri Register. The director approved the application and his decision was published in the January 16, 2003 Missouri Register. A fifteen calendar period for appeal must occur before the decision is final. On January 30, 2003, the MBA and Midwest Bank Centre filed an appeal of the Director's decision with the Credit Union Commission. On November 19, 2003 the Commission heard the appeal and accepted into evidence information provided by the parties involved. Concurrent legal briefs were filed by the established date of December 5, 2003. The Commission may decide the appeal at their January 9, 2004 meeting.

**United Community Credit Union**, an Illinois chartered credit union, submitted an application for those who live or work in the Missouri counties of Lewis, Ralls and Marion. The application was published in the January 2, 2003 Missouri Register. The director approved the application and his decision was published in the February 18, 2003 Missouri Register. On March 4, 2003 the MBA and the

Farmers and Merchants Bank and Trust Company filed an appeal of the Director's decision with the Credit Union Commission. On November 19, 2003 the Commission heard the appeal and accepted into evidence information provided by the parties involved. Concurrent legal briefs were filed by the established date of December 5, 2003. The Commission may decide the appeal at their January 9, 2004 meeting.

**Aerospace Community Credit Union** submitted an application for those who live or work in the remainder of St. Louis City, St. Louis County and St. Charles County that is not currently in the **Aerospace Community Credit Union's** field of membership and those who live or work in Lincoln County. The application was published in the May 1, 2003 Missouri Register. The director approved the application and his decision was published in the July 1, 2003 Missouri Register. On July 14, 2003 the MBA and the First National Bank of St. Louis filed an appeal of the Director's decision with the Credit Union Commission. On November 19, 2003 the Commission heard the appeal and accepted into evidence information provided by the parties involved. Concurrent legal briefs have been filed. Concurrent legal briefs were filed by the established date of December 5, 2003. The Commission may decide the appeal at their January 9, 2004 meeting.

**Southeast Telephone Employees Credit Union** submitted an application for persons who live or are employed in the Missouri Counties of St. Francois County, Ste. Genevieve County, and Madison County. The application was published in the August 1, 2003 Missouri Register. On August 14, 2003 the MBA and the New Era Bank filed an appeal of the Director's decision with the Credit Union Commission. On August 27, 2003, the application was amended to persons who live or are employed in the Missouri County of St. Francois thereby rendering the appeal moot. The application was published in the October 1, 2003 Missouri Register. The Director approved the application and his decision was published in the December 4, 2003 Missouri Register. The decision is now final.

**Edison Credit Union** submitted an application for active or retired employees of Townsend Communications, LLC, United Country Real Estate, Occu-Tec, Inc., O'Dell Service, North Kansas City electric, TimberKing, Inc., Data Source, Inc., Custom Lighting Services and immediate and household of members. The application was published in the November 18, 2003 Missouri Register. The Director approved the application and his decision will be published in the January 2, 2004 Missouri Register.

**Sikeston Public Schools Credit Union** submitted an application for employees of Scott County R-V Public Schools in Zip Code 63801, their family members and organizations of such persons. The application will be

published in the January 15, 2004 Missouri Register. A fifteen business day period for comments must occur following publication prior to the Director's decision.

### **From the Director...**

I am in the midst of holding annual meetings with credit unions as the Newsletter is being written. Thus far meetings in Kansas City, St. Joseph and Springfield are completed. Credit unions and the Division benefit from a open dialogue concerning the results of our annual survey, information, recent credit union condition report data, call report data and the new risk data generated from the risk focused examination program. The PowerPoint presentations given at the credit union meetings will be placed on the Division's web site following the conclusion of the meetings. For those who were unable to attend the meetings, contact us if you have comments or questions concerning the presentations.

We have noticed smaller asset size credit unions are showing member and shares losses on recent call reports. At the meetings we discussed these losses and heard these reasons:

- ✓ Members have moved and the location of the credit union office was no longer accessible
- ✓ Abuse of the account by the member

We encourage marketing to these members in an attempt to retain their membership. Services can be delivered electronically from a distance rather than by "bricks and mortar" locations.

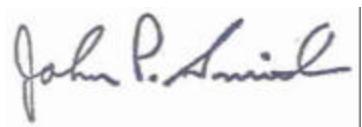
### **Update of Standard Bylaws**

Missouri credit union standard bylaws were last updated in 1992. During 2003 we consulted the Missouri Credit Union Association, credit unions, the law firm that represents many Missouri credit unions and our examiners to revise and update the bylaws now named 'The Revised Standard Bylaws 2003'. The 2003 version is available as paper copy, on floppy diskettes and CDs. Copies were distributed at the credit union meetings and will be mailed to credit unions who did not attend a meeting. We ask that credit unions adopt 'The Revised Standard Bylaws 2003' during 2004. Forms for the adoption of the revised bylaws are included with the revision.

### **Missouri Supreme Court Decision**

A link to the Supreme Court's decision in the Telcomm Credit Union case is also on our web site.

Happy holidays from the staff, Division of Credit Unions.

A handwritten signature in black ink, appearing to read "John P. Smith".

**John P. Smith, Director**